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Report to the Legislature

MONTANA ECONOMIC DEVELOPMENT BOARD
DEPARTMENT OF COMMERCE

Report on the Examination
of Financial Statements

Fiscal Year Ended June 30, 1984

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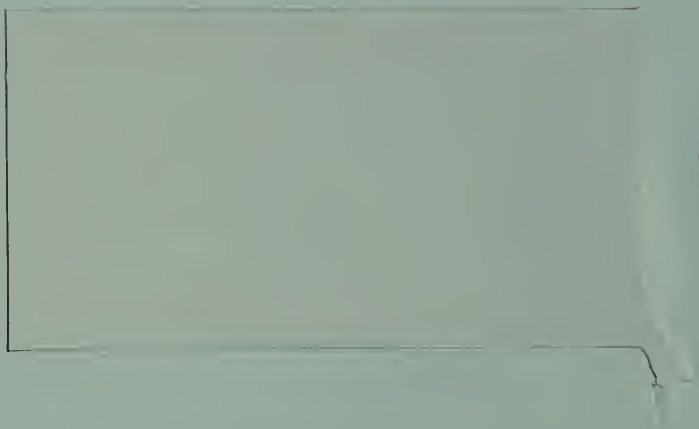

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State of Montana

Report to the Legislature

MONTANA ECONOMIC DEVELOPMENT BOARD
DEPARTMENT OF COMMERCE

Report on the Examination
of Financial Statements

Fiscal Year Ended June 30, 1984

84-31

Office of the Legislative Auditor
Room 135, State Capitol
Helena, Montana 59620

TABLE OF CONTENTS

	Page
Appointive and Administrative Officials	ii
Summary of Recommendations	iii
Introduction	1
Background	1
Enterprise Accounting	2
Property, Plant, and Equipment	3
Fiscal Year-End Cutoff	4
State Compliance	5
Coal Tax Interest	5
Internal Control Review	6
Auditor's Report and Board Financial Statements	
Auditor's Report	8
Combined Balance Sheet, All Fund Types and Account Groups, June 30, 1984	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund, For the Fiscal Year Ended June 30, 1984	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types, For the Fiscal Year Ended June 30, 1984	12
Statement of Revenues, Expenses, and Changes in Fund Balance - Non-Expendable Trust Fund, For the Fiscal Year Ended June 30, 1984	13
Statement of Changes in Financial Position - Non-Expendable Trust Fund, For the Fiscal Year Ended June 30, 1984	14
Notes to the Financial Statements	15
Board Response	19

APPOINTIVE AND ADMINISTRATIVE OFFICIALS

MONTANA ECONOMIC DEVELOPMENT BOARD

		Term Expires
D. Patrick McKittrick, Chairman	Great Falls	January 1, 1987
G. Steven Brown	Helena	January 7, 1985
Karen K. Locke	Eureka	January 7, 1985
John C. Orth	Butte	January 7, 1985
Jackson L. Schutte	Billings	January 7, 1985
Yvonne Snider	Lewistown	January 1, 1987
Jeremiah R. Sullivan	Helena	January 1, 1987

BOARD STAFF

Robert M. Pancich, Administrator

Dale A. Harris, Deputy Administrator

Terry A. Spalinger, Loan Officer

Mark Semmens, Bond Program Manager

Jayne D. Riskin, Administrative Assistant

SUMMARY OF RECOMMENDATIONS

This listing serves as a means of summarizing the recommendations contained in the report and the audited board's response.

	Page
Recommendation #1	
The board record all appropriate activity in an Enterprise Fund.	3
Board's Response: Concur. See page 20.	
Recommendation #2	
The board ensure fixed assets are properly recorded on the state accounting records in accordance with state policy.	4
Board's Response: Concur. See page 20.	
Recommendation #3	
The board comply with the year-end instructions provided by the Department of Administration.	5
Board's Response: Concur. See page 20.	
Recommendation #4	
The board return $53,395 of coal tax interest to the Permanent Coal Tax Fund.	5
Board's Response: Concur. See page 20.	

INTRODUCTION

We performed a financial/compliance audit of the Montana Economic Development Board (MEDB) of the Department of Commerce for the fiscal year ended June 30, 1984. The objectives of the audit were to: (1) determine if the board's financial statements present fairly its financial position for the fiscal year ended June 30, 1984 and the results of its operations for the fiscal year then ended; (2) determine the board's compliance with applicable laws and regulations; and (3) make recommendations for improvement in the board's management and internal controls.

This report contains four recommendations to the board. These recommendations address areas where the board can improve management, internal control, financial reporting, and compliance with laws and regulations. Other areas of concern deemed not to have a significant effect on the successful operations of the board programs are not specifically included in the report, but have been discussed with management.

In accordance with section 5-13-307, MCA, we analyzed the costs of implementing the recommendations made in the report. Each report section discloses the cost, if significant, of implementing the recommendation.

We thank the administrator, his staff, and Department of Commerce personnel for their cooperation and assistance during our audit.

BACKGROUND

The Montana Economic Development Board (MEDB) was established through the 1983 Legislative Session and is responsible for the administration of the following four programs.

The Montana Capital Company Program is designed to make venture or equity capital an available resource within the state. Through the program, the state offers a 25 percent tax credit incentive to investors in qualified Montana Capital Companies, which in turn must invest these funds in small, basic Montana firms.

The Coal Tax Loan Program (in-state investment of 25 percent of all new revenues deposited in the Permanent Coal Tax Trust Fund) uses the concept of a state revolving loan fund. All applications for financing must be originated by an approved Montana lender. The program increases the availability of attractive long-term development capital in the state, and targets funds to businesses which have the greatest potential to positively benefit the Montana economy.

The Composite and Stand-alone Industrial Revenue Bonding (IDB) Program serves to import funds into the state while providing a source of long-term capital for Montana businesses. Tax-exempt financing becomes accessible to smaller businesses that previously were restricted from this market by costs of bond issuance and credit limitations. The program essentially pools together the debt of a number of smaller businesses into one bond issue, and prorates the cost among the businesses included in the pool.

The Pooled Municipal Bonding Program authorizes the board to purchase bonds and notes issued by local government units for projects under $500,000.

The programs were enacted for the purpose of strengthening, diversifying and stabilizing the Montana economy. MEDB is attached to the Department of Commerce for administrative purposes. Financial accounting for the board is performed by the department's Management Services Division.

ENTERPRISE ACCOUNTING

As discussed in the background, the board is involved in loaning funds to businesses, in pooling the debt of a number of small businesses into one bond issue, and in purchasing bonds and notes issued by local government units. These activities are similar to that of a commercial bank. All programs generate revenue through application fees, loan fees, and interest. In addition, the board received a general fund appropriation for start up costs and for administration of the Coal Tax Loan Program.

State policy requires operations which are financed and operated in a manner similar to a private business and where the intent is that all costs of providing services to the public on a continuing basis are to be financed or recovered through user charges to be accounted for in an Enterprise Fund. Also, enterprise funds are used for operations where periodic determinations of revenues, expenditures, and net income are needed for management control. Currently, board activities are recorded in many funds within the Department of Commerce, making it difficult to get an overview of the board's operations. The administrative costs for the Coal Tax Loan Program are accounted for in the General Fund; the uncommitted and committed Coal Tax loan funds are accounted for in the Non-Expendable Trust Fund; and the Industrial Development Bond and Pooled Municipal Bond programs will be accounted for in the Enterprise Fund. The board is required by statute to record the Permanent Coal Trust Fund moneys in the Non-Expendable Trust Fund. However, based upon our review of the statutory provisions, there would be no change required in the statutes to record all other activities in the Enterprise Fund. If the board recorded all appropriate activity in an Enterprise Fund, it would provide a more efficient reporting of the results of all the board's operations to management and to the public.

RECOMMENDATION #1

WE RECOMMEND THE BOARD RECORD ALL APPROPRIATE ACTIVITY IN AN ENTERPRISE FUND.

PROPERTY, PLANT, AND EQUIPMENT

During fiscal year 1983-84 the General Fund purchased $8,615 of equipment which the department has not recorded on the state's Property Accountability Management System (PAMS), nor in the General Fixed Asset Group of Accounts. Adequate accounting procedures and records are essential for the safeguarding of state property.

According to state accounting policy, the department should account for fixed assets in the General Fixed Asset Group of Accounts, except for fixed assets related to proprietary funds or trust funds which are to be accounted for in those funds.

Because the department did not record equipment items purchased through the General Fund on the state's property records, General Fixed Assets in the General Fixed Assets Group of Accounts are understated by $8,615.

RECOMMENDATION #2

WE RECOMMEND THE BOARD ENSURE FIXED ASSETS ARE PROPERLY RECORDED ON THE STATE ACCOUNTING RECORDS IN ACCORDANCE WITH STATE POLICY.

FISCAL YEAR-END CUTOFF

Department of Administration, Accounting Division, provides agencies with written instructions during the fiscal year end period to ensure financial statements will properly reflect financial activity of the agency. We noted two instances where the board did not comply with the year-end instructions.

The Department of Administration established special control accounts for amounts paid or received during the year-end period to reflect actual June 30 cash balance. The department did not use the specific coding and as a result Accounts Receivable and Due to State General Fund are overstated by $47,474.

At the end of the year-end period, the Department of Administration, Accounting Division, allows agencies to review control account balances and make certain types of corrections prior to closing, if necessary. Money in the Debt Service Fund should have been transferred to the Non-Expendable Trust Fund for loaning under the Coal Tax Loan Program at fiscal year-end. Since the department did not transfer these moneys, fund balance was overstated in the Debt Service Fund and understated in the Non-Expendable Trust Fund by $1,893.

RECOMMENDATION #3

WE RECOMMEND THE BOARD COMPLY WITH THE YEAR-END INSTRUCTIONS PROVIDED BY THE DEPARTMENT OF ADMINISTRATION.

STATE COMPLIANCE

We reviewed compliance with state laws and regulations that could have a material impact on the financial statements of the board. In our opinion, except for the instances of noncompliance identified below, the board complied with state laws and regulations tested. Nothing came to our attention that caused us to believe untested compliance issues are not in accordance with applicable laws and regulations.

Coal Tax Interest

According to state law, the board shall deposit all interest earned on the In-State Coal Tax Fund in an Agency Fund. At fiscal year-end, these moneys transfer to the Department of Revenue where, in total, interest on all coal tax funds are distributed 85 percent to the General Fund and 15 percent to the Permanent Coal Tax Trust Fund.

During fiscal year 1983-84, the In-State Coal Tax Fund earned $355,969 of interest. The board incorrectly recorded the interest in the General Fund rather than the Agency Fund. As a result, 15 percent (or $53,395) of the interest was not returned to the Permanent Coal Tax Fund. The board should return $53,395 to the Permanent Coal Tax Fund in accordance with state law.

RECOMMENDATION #4

WE RECOMMEND THE BOARD RETURN $53,395 OF COAL TAX INTEREST TO THE PERMANENT COAL TAX FUND.

INTERNAL CONTROL REVIEW

We have examined the financial statements of the Montana Economic Development Board for the fiscal year ended June 30, 1984. We issued our opinion dated September 14, 1984 on these statements. As part of our examination, we made a study and evaluation of the system of control of the Montana Economic Development Board which is administered through the Department of Commerce. Our study evaluated the system as required by generally accepted government auditing standards for financial and compliance audits. We classified the controls in the following categories: (1) revenue, (2) payroll, (3) expenditures, (4) cash, and (5) plant, property and equipment.

Our study included the control categories listed above except for plant, property and equipment. Through our study, we determined the nature, timing, and extent of our audit procedures. We performed substantive audit tests on revenue and cash because it was more efficient to do so. We did not evaluate the control system to the extent necessary to give an opinion on either individual segments or the system as a whole. Our evaluation disclosed no condition that we believe to be a material weakness of internal control.

The management of the Montana Economic Development Board is responsible for establishing and maintaining a system of control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable assurance that: (1) assets are safeguarded against loss from unauthorized use or disposition; (2) transactions are executed in accordance with management's authorization; and (3) transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Inherent limitations in any system of controls may cause errors or irregularities to remain undetected. The current system evaluation should not be used to project to future periods since the procedures may become inadequate or compliance with them may deteriorate.

The limited purpose of our study described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of controls used by the Montana Economic Development Board.

The preceding four paragraphs are intended solely for the use of management and the Legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon issuance to the Legislative Audit Committee, is a matter of public record.

AUDITOR'S REPORT AND BOARD FINANCIAL STATEMENTS

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

ERT R. RINGWOOD
ISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:

JAMES H. GILLETT
FINANCIAL/COMPLIANCE AUDITS

SCOTT A. SEACAT
PERFORMANCE AUDITS

STAFF LEGAL COUNSEL

JOHN W. NORTHEY

The Legislative Audit Committee
of the Montana State Legislature:

We have examined the Combined Balance Sheet - All Fund Types and Account Groups; the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund; the Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types; the Statement of Revenues, Expenses and Changes in Fund Balance - Non-Expendable Trust Fund; and the Statement of Changes in Financial Position - Non-Expendable Trust Fund of the Montana Economic Development Board as of June 30, 1984, and for the fiscal year ended June 30, 1984. Our examination was made in accordance with generally accepted governmental auditing standards for financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements presented are only for the Montana Economic Development Board. Accordingly, the accompanying financial statements are not intended to present fairly the financial position of the state of Montana as of June 30, 1984 or the results of its operations and changes in its fund balances for the fiscal year then ended, in conformity with generally accepted accounting principles.

We did not examine investments administered by the Board of Investments which constitute 98 percent of assets at June 30, 1984 in the Non-Expendable Trust Fund and Debt Service Fund. These investments were examined by other auditors whose report has been furnished to us. Our opinion, as it relates to the amounts of investments is based solely on the report of the other auditors.

In our opinion, based upon our examination and the report of other auditors, the financial statements referred to above present fairly the financial position of such funds and account groups of the Montana Economic Development Board as of June 30, 1984 and the results of operations and the changes in fund balance of such funds for the fiscal year ended June 30, 1984, in conformity with generally accepted accounting principles.

Sincerely,

James H. Gillett, CPA
Deputy Legislative Auditor

September 14, 1984

Approved:

Robert R. Ringwood
Legislative Auditor

MONTANA ECONOMIC DEVELOPMENT BOARD
COMBINED BALANCE SHEET - ALL FUNDS AND ACCOUNT GROUPS
JUNE 30, 1984

	GOVERNMENTAL FUND TYPE		FIDUCIARY FUND TYPE		ACCOUNT GROUPS	
	General	Debt Service	Non-Expendable Trust	Agency	General Fixed Assets	General Long Term Debt
			$ 3,132			
m Other Funds			2,136	$412,973		
ents		$57,005	10,171,933			
rm Notes and Loans Receivable			177,864			
Available to Pay Accrued Liabilities	$420,624					
to be Provided for Compensated Absences						$ 6,033
nt					$ 8,615	
TAL ASSETS	$420,624	$57,005	$10,355,065	$412,973	$ 8,615	$ 6,033
TIES AND FUND EQUITY						
ties:						
Other Funds	$355,969	$57,005	$ 2,136			
ts Payable	30,516					
d Expenditures	34,139					
erm Debt - Compensated Absence						$ 6,033
tability for Property Held in Trust				$412,973		
tal Liabilities	420,624	57,005	2,136	412,973	$ -0-	6,033
uity:						
alance			10,352,929			
ment in General Fixed Assets					8,615	
tal Fund Equity	-0-	-0-	10,352,929	-0-	8,615	-0-
TAL LIABILITIES AND FUND EQUITY	$420,624	$57,005	$10,355,065	$412,973	$ 8,615	$ 6,033

es to the financial statements are an integral part of this statement.

MONTANA ECONOMIC DEVELOPMENT BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Investment Earnings	$ 205,000		$(205,000)
Licenses and Fees	20,000	$ 1,800	(18,200)
Total (see Note 5)	225,000	1,800	(223,200)
EXPENDITURES:			
Economic Development Board Administration	400,000	194,101	205,899
Total (see Note 5)	400,000	194,101	205,899
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	(175,000)	(192,301)	(17,301)
OTHER FINANCING SOURCES (USES):			
Support (To) From State General Fund	175,000	192,301	(17,301)
Total	175,000	192,301	(17,301)
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-
FUND BALANCE, July 1, 1983	-0-	-0-	-0-
FUND BALANCE, June 30, 1984	$ -0-	$ -0-	$ -0-

The notes to the financial statements are an integral part of this statement.

MONTANA ECONOMIC DEVELOPMENT BOARD
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

	GOVERNMENTAL FUND TYPES	
	General	Debt Service
REVENUES:		
Licenses and Fees	$ 1,800	
Total	$ 1,800	$ -0-
EXPENDITURES:		
Economic Development Board Administration	194,101	
Total	194,101	-0-
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	(192,301)	-0-
OTHER FINANCING SOURCES (USES):		
Support from State General Fund	192,301	
Transfer Out		(10,352,929)
Support from Coal Tax Collections		10,352,929
Total	192,301	-0-
EXCESS OF REVENUE OVER(UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-0-	-0-
FUND BALANCE, July 1, 1983	-0-	-0-
FUND BALANCE, June 30, 1984	$ -0-	$ -0-

The notes to the financial statements are an integral part of this statement.

MONTANA ECONOMIC DEVELOPMENT BOARD
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

	FIDUCIARY FUND TYPE
	Non-Expendable Trust
Operating Revenue	$ -0-
Operating Expenses	-0-
Operating Transfers - In	10,352,929
Net Income	10,352,929
Fund Balance, July 1, 1983	-0-
Fund Balance, June 30, 1984	$10,352,929

The notes to the financial statements are an integral part of this statement.

MONTANA ECONOMIC DEVELOPMENT BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
NON-EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

	FIDUCIARY FUND TYPE
	Non-Expendable Trust
SOURCES OF WORKING CAPITAL	
Operations:	
Net Income	$10,352,929
Total Sources of Working Capital	10,352,929
USES OF WORKING CAPITAL	
Increase in Restricted Assets	
- Long Term Note Receivable	177,864
Total Uses of Working Capital	177,864
NET INCREASE (DECREASE) IN WORKING CAPITAL	$10,175,065
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL	
Cash	$ 3,132
Due From Other Funds	2,136
Investments	10,171,933
Due to Other Funds	(2,136)
NET INCREASE (DECREASE) IN WORKING CAPITAL	$10,175,065

The notes to the financial statements are an integral part of this statement.

MONTANA ECONOMIC DEVELOPMENT BOARD

Notes to the Financial Statements

For the Fiscal Year Ending June 30, 1984

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements were prepared from the Statewide Budgeting and Accounting System.

The state of Montana utilizes the modified accrual basis of accounting for governmental fund types. Expenditures are recorded on the basis of incurred costs or legal liability and revenues are recorded when received in cash unless susceptible to accrual. Revenues are susceptible to accrual if they are measurable and available to finance expenditures of the fiscal period.

The state of Montana follows the accrual basis of accounting for the Proprietary Fund Types and the Non-Expendable Trust Funds.

B. Description of Funds

The preceding financial statements were prepared from the Statewide Budgeting and Accounting System (SBAS). The funds and account groups presented and their relationship to the state treasury fund structure are as follows:

GOVERNMENTAL FUND TYPES

General Fund - To account for receipt and expenditure of money allocated to the department by the state for support of the board's program.

Debt Service Fund - To account for the accumulation of resources for and the payment of general long-term debt principal and interest.

Agency Fund - To account for assets held by a governmental unit as an agent for individuals, private organizations, or other governmental units.

FIDUCIARY FUND TYPES

Non-Expendable Trust Fund - To account for assets held by state government in a trustee capacity or as an agent for individuals, private organizations, other governmental entities, or other funds.

GENERAL FIXED ASSETS ACCOUNT GROUP - To account for equipment purchased by the Montana Economic Development Board. These funds correspond with amounts recorded in the Property Accountability and Management System (PAMS) within the Statewide Budgeting and Accounting System.

LONG-TERM DEBT ACCOUNT GROUP - A self-balancing group of accounts set up to establish accounting controls and accountability for unmatured long-term liabilities.

C. Encumbrances

Encumbrances are recorded for purchase orders, contracts and other commitments in order to reserve that portion of applicable appropriations for all funds. At fiscal year-end, in accordance with state policy, major qualifying encumbrances are reclassified as payables and charged as expenditures.

D. Inventories

Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. The amount of supplies inventory on hand at June 30, 1984 was immaterial.

E. General Fixed Assets and Depreciation

General fixed asset purchases are recorded as expenditures in the various funds at the time of purchase. General fixed assets are not depreciated.

F. Insurance

The board is insured through the Insurance Division of the Department of Administration.

2. EMPLOYEES' RETIREMENT SYSTEM

The Montana Economic Development Board (MEDB) employees are covered by the Public Employees' Retirement System (PERS). This plan is administered by the state of Montana. Under PERS, the state contributes 6.417 percent of an employee's gross wages to PERS. All eligible employees contribute 6.0 percent of gross wages. The board's contribution to PERS for the fiscal year ended June 30, 1984 was $5,803.

The state's policy is to fund accrued pension costs. The unfunded past service costs and the actuarially computed value of the vested benefits are not readily available for the members of the plans employed by the board. The Public Employees' Retirement System was actuarially sound at June 30, 1982.

3. INVESTMENTS

Investments are units purchased in the state of Montana's Short-Term Investment Pool and are reflected at cost. The June 30, 1984 balance reflects the following:

Number of Units	Cost	Market Value
10,832	$10,228,914	$9,993,928

4. GENERAL FUND BALANCE

The beginning and ending fund balance of the board is zero since any balance in the fund is owed to the state General Fund at fiscal year-end.

5. BUDGET INFORMATION

Appropriations for the Montana Economic Development Board are established by the Legislature for the biennium. Appropriations for board operations are established as fixed amounts. The Economic Development Board will revert unspent General Fund appropriation authority at the end of the 1984-85 biennium.

Revenue estimates are established annually by each agency for moneys the agency expects to collect during the year. The Economic Development Board estimated General Fund revenue collections for fiscal year 1983-84 at $225,000.

6. ANNUAL AND SICK LEAVE

Annual leave and sick leave costs are not recorded until leave is taken. Upon termination, qualifying employees with unused accumulated annual and sick leave receive 100 percent payment for annual leave and 25 percent payment for sick leave. The liability amount associated with unused annual and sick leave at June 30, 1984 is maintained on an hourly basis. Annual leave is earned based on length of state service (15 days per year, up to 24 days per year). Payouts of leave are made at current payroll rates.

BOARD RESPONSE

MONTANA ECONOMIC DEVELOPMENT BOARD
DEPARTMENT OF COMMERCE

TED SCHWINDEN, GOVERNOR

1424 9TH AVENUE

STATE OF MONTANA

(406) 444-2090

HELENA, MONTANA 59620-0401

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MONTANA LEGISLATIVE AUDITOR

October 9, 1984

Mr. Robert R. Ringwood
Legislative Auditor
State Capitol
Helena, MT 59620

Dear Mr. Ringwood:

Enclosed is our response to the final report of the financial/compliance audit conducted by your office on the Montana Economic Development Board.

We are pleased with the outcome of the audit. As this is the first year of operations of the Board, the audit will give us a positive basis for management of the Board's programs.

In preparation of the agency response, we have attempted to follow the guidelines included in your letter of 10 October, 1984. I trust the form and content will meet with your approval.

Sincerely,

Robert M. Pancich
Administrator

/ag

Board of Directors:
D. Patrick McKittrick, Chairman
Great Falls
Yvonne Snider
Lewistown
Jeremiah R. Sullivan
Helena
G. Steven Brown
Helena
Karen K. Locke
Eureka
John C. Orth
Butte
Jackson L. Schutte
Billings

In any recommendations affecting accounting practices the Board will request Management Services Division of the Department of Commerce (this agency provides accounting support) to take corrective action.

RECOMMENDATION #1

We recommend tht Board record all appropriate activity in an enterprise fund.

Agency Response: The Board is currently undertaking a study on accounting methods as they relate to the various Board programs. At the conclusion of this study, the Board will request the Management Services Division of the Department of Commerce to make any changes necessary to implement this recommendation.

RECOMMENDATION #2

We recommend the Board ensure fixed assets are properly recorded on the state accounting records in accordance with state policy.

Agency Response: The Department of Commerce is currently involved in the update of PAMS records and will comply with the recommendations.

RECOMMENDATION #3

We recommend the Board comply with the year-end instructions provided by the Department of Administration.

Agency Response: The Department of Commerce will comply with the recommendation.

RECOMMENDATION #4

We recommend the Board return $53,395 of Coal Tax Interest to the Permanent Coal Tax Fund.

Agency Response: The Department of Commerce will initiate the correcting entry in October 1984 and concur with this recommendation.